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WHITE HOUSE FOR STEVE STUDDERT AND JOHN KELLER

STATE FOR A/TSS JEANNIE BULL

STATE ALSO FOR EAP/CM WILLIAMS AND P/M LEHOVICH

E.O. 12356:DECL:OADR
TAGS: OVIP (BUSH, GEORGE), CH, .PREL, MARR
SUBJECT: U.S.-PRC MILITARY RELATIONSHIP -- ON THE EVE
OF THE PRESIDENT'S VISIT

- 1. ENTIRE TEXT
- 2. BACKGROUND AND SUMMARY

- CHINA HAS AND WILL CONTINUE TO LOOK TO THE U.S.,
AMONG WESTERN NATIONS, TO SUPPORT ITS MILITARY
MODERNIZATION EFFORTS. CONSERVATIVE AND IDEOLOGICAL
ELEMENTS WITHIN THE CHINESE HIERARCHY TENDED TO ACT AS
A BRAKE ON MILITARY-TO-MILITARY PROGRESS DURING THE
EARLY AND MID-1980'S; IN LATE 1987, THE U.S. BASICALLY

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PLACED THE RELATIONSHIP ON HOLD FOR SEVERAL MONTHS
BECAUSE OF OUR CONCERN OVER THE SILKWORM MISSILE SALES
TO IRAN PROBLEM. NONETHELESS, SINCE 1986, PROGRESS HAS
BEEN SUBSTANTIAL. CHINESE RESTRAINT AND WILLINGNESS TO
CONDUCT CONSTRUCTIVE DIALOGUE ON MISSILE SALES, HAS
PERMITTED SIGNIFICANT MOVEMENT IN THE PAST YEAR. HIGH
LEVEL VISITS EACH WAY HAVE RESUMED; FUNCTIONAL, AND

ACADEMIC EXCHANGES ARE MOVING FORWARD IN KEY AREAS; AND FOREIGN MILITARY SALES TO CHINA ARE APPROACHING EIGHT HUNDRED MILLION DOLLARS. FOREIGN COMMERCIAL SALES OF MILITARY-RELATED EQUIPMENT TO CHINA BY U.S. COMPANIES ARE INCREASING STEADILY. WHILE WE WANT TO ENCOURAGE THIS TREND FOR POLITICAL AND COMMERCIAL REASONS, WE WILL HAVE TO CONTINUE TO REVIEW ALL SALES CAREFULLY ON A CASE-BY-CASE BASIS TO ENSURE THEY DO NOT UPSET DELICATE POWER RELATIONSHIPS VIS-A-VIS ASEAN, JAPAN, AND TAIWAN. THE PRESIDENT'S KEY MEETINGS WILL BE WITH THE THREE TOP MEMBERS OF THE CENTRAL MILITARY COMMISSION (DENG, YANG AND ZHAO) PERHAPS THE SINGLE MOST POWERFUL UNIT IN CHINA. THE PRESIDENT'S VISIT WILL REINFORCE THE IMPORTANT MILITARY DIMENSIONS IN THE CONTEXT OF THE OVERALL SINO-U.S. RELATIONSHIP. OUR OVERALL OBJECTIVE IS TO BUILD ON AND ADVANCE THE SINO-AMERICAN MILITARY RELATIONSHIP THAT EVOLVED DURING THE REAGAN ADMINISTRATION. AS INDICATED ABOVE, WE WILL WANT TO MAINTAIN A GRADUAL PACE SO AS NOT TO BE PROVOCATIVE TO OUR ASIAN FRIENDS AND ALLIES. END
BACKGROUND/SUMMARY

3. CHINESE NATIONAL SECURITY GOALS

- MILITARY MODERNIZATION: CHINA'S STRATEGIC COURSE

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OF REDUCING TENSIONS WITH THE SOVIET UNION AND OTHER POTENTIAL ADVERSARIES AROUND ITS PERIPHERY IS AIMED AT PERMITTING THE LUXURY OF LONG RANGE PLANNING AND REDUCED RESOURCE ALLOCATION FOR DEFENSE, CONSISTENT WITH ITS INTERNAL MODERNIZATION DRIVE. THE PRC IS SEEKING TO FIELD AN ARMY ABLE TO FIGHT A WAR UNDER MODERN CONDITIONS BY THE END OF THE CENTURY. REALIZATION OF ITS GOAL WILL DEPEND TO A GREAT EXTENT ON A VIBRANT AND MUCH IMPROVED NATIONAL ECONOMY. SINCE 1978, SPENDING ON THE NATIONAL DEFENSE PROGRAM HAS REMAINED THE LOWEST PRIORITY OF THE "FOUR MODERNIZATIONS." MILITARY UNITS ARE NOW REQUIRED TO EXPEND SOME OF THEIR OPERATIONAL RESOURCES IN THE PRODUCTION OF CIVILIAN COMMERCIAL ITEMS IN ORDER TO EARN AS MUCH AS THIRTY PERCENT OF THE MILITARY BUDGET. ARMS SALES ABROAD HAVE ALSO BECOME A CRITICALLY IMPORTANT SOURCE OF THE FOREIGN EXCHANGE NEEDED TO PURCHASE SELECTED ITEMS OF FOREIGN TECHNOLOGY AND MILITARY EQUIPMENT. WE ESTIMATE THAT ARMS SALES ACCOUNT FOR ROUGHLY ANOTHER THIRTY PERCENT OF THE PLA'S BUDGET.

- THE LEADERSHIP OF THE CHINESE PEOPLE'S LIBERATION ARMY IS UNDERGOING A TRANSITION TO MUCH YOUNGER AND BETTER EDUCATED OFFICERS. THE MILITARY RECENTLY RETURNED TO A RANK SYSTEM ON THE FIRST OF OCTOBER, AND ACQUIRED NEW UNIFORMS AT THE SAME TIME. THE PLA IS PUTTING IN PLACE A CIVIL SERVICE SYSTEM SIMILAR, IN MANY RESPECTS, TO OURS. IN ADDITION, THE CHINESE MILITARY CONTINUES TO SEEK FOREIGN ASSISTANCE TO ADVANCE TECHNICALLY ITS INDIGENOUS MILITARY RESEARCH AND DEVELOPMENT CAPABILITY SO AS TO PRODUCE MODERN

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WEAPONRY NECESSARY TO SUPPORT AN EVOLVING MODERN MILITARY DOCTRINE. THESE INITIATIVES AND OTHERS ADD UP TO VERY AMBITIOUS MILITARY REFORMS -- ALL OF WHICH ARE TAKING PLACE IN AN ENVIRONMENT OF FISCAL AUSTERITY.

- CHINA'S MILITARY MODERNIZATION PLAYS AN IMPORTANT ROLE IN AN EMERGING ASSERTIVENESS AND A DRIVE FOR INFLUENCE IN INTERNATIONAL AFFAIRS. WHILE CHINA CONTINUES TO PURSUE AN "INDEPENDENT" FOREIGN POLICY LINE, IT IS DEPENDENT ON THE WEST, PARTICULARLY THE U.S., EUROPE, AND JAPAN, FOR THE CAPITAL, MARKETS AND ADVANCED TECHNOLOGY ESSENTIAL TO ITS OVERARCHING

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MODERNIZATION PRIORITIES, INCLUDING THE MILITARY. IN ASIA, WHERE THE CHINESE DEVOTE SUBSTANTIAL RESOURCES AND WIELD MAJOR INFLUENCE, OUR POLICIES CONVERGE OR RUN PARALLEL ON MOST ISSUES.

4. MILITARY AND THE SUCCESSION

- AS DENG APPROACHES FULL RETIREMENT, HIS SUCCESSION BECOMES A TOPIC OF INCREASING IMPORTANCE. SUPPORT OF THE CHINESE MILITARY HISTORICALLY HAS BEEN A KEY DIMENSION OF THE SUCCESSION PROCESS AND THE ABILITY OF A "CHOSEN" SUCCESSOR TO RETAIN HIS GRIP ON THE REINS OF POWER. HU YAOBANG'S FALL WAS PARTLY DUE TO PLA OPPOSITION. ZHAO ZIYANG MAY NOT YET HAVE ESTABLISHED HIS CREDENTIALS WITHIN THE MILITARY AND MAYBE WILL NEVER BE ABLE TO DO SO, NOTWITHSTANDING HIS 1987 ELEVATION TO THE NUMBER TWO TITULAR POSITION IN THE CPC PARTY MILITARY COMMISSION. AT A RECENT CENTRAL MILITARY COMMISSION MEETING ZHAO ZIYANG WAS PLACED IN THE ROLE OF A CENTRAL PLAYER; HE AND DENG APPARENTLY REALIZING THAT BECAUSE ZHAO DOES NOT HAVE A STRONG MILITARY POWER POWER BASE, IT IS IMPORTANT TO CONTINUALLY ATTEMPT TO FORGE INCREASING TIES BETWEEN ZHAO AND THE MILITARY. AS DENG FADES FROM THE SCENE, THE IMPORTANCE OF ATTAINING AND MAINTAINING TIES TO KEY MILITARY LEADERS BECOMES A SUBJECT OF INCREASED CONCERN AND EFFORT FOR THOSE WHO SEEK THE MANTLE OF INTERNAL POWER. AGING PRESIDENT YANG SHANGKUN (DE FACTO HEAD OF THE PLA AND FIRST PERMANENT VICE CHAIRMAN OF THE CPC MILITARY COMMISSION) WILL PLAY A MAJOR ROLE IN THE

SUCCESSION PROCESS SHOULD DENG DIE BEFORE HIM. IT IS
IMPORTANT FOR THE U.S. TO NURTURE CLOSE RELATIONSHIPS
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WITH THE MILITARY AS A KEY DIMENSION OF THE INTERNAL
POWER STRUCTURE. THE MILITARY ALSO SIGNIFICANTLY
INFLUENCES OR ARE STRATEGICALLY PLACED TO VETO CHINESE
POLICIES ON ARMS CONTROL ISSUES, INCLUDING STRATEGIC
ARMS, BALLISTIC MISSILES, AND CHEMICAL WEAPONS
PROLIFERATION.

5. SINO-SOVIET MILITARY RELATIONS

- THE RECENT VISIT OF SOVIET FOREIGN MINISTER
SHEVARDNADZE TO BEIJING AND PLANS FOR A VISIT BY
GENERAL SECRETARY GORBACHEV TO BEIJING IN MAY SYMBOLIZE
IMPROVING SINO-SOVIET POLITICAL RELATIONS. FOLLOWING
SEVEN YEARS OF GRADUAL GROWTH IN NON-POLITICAL/MILITARY
ASPECTS OF THE RELATIONSHIP (CULTURAL, ECONOMIC,
SCIENTIFIC), GORBACHEV'S ARRIVAL AS CPSU GENERAL
SECRETARY AS WELL AS PRESIDENT WILL SIGNAL MOVEMENT IN
PARTY TO PARTY TIES AS WELL. MILITARY RELATIONS WILL
PROBABLY BE THE LAST TO FOLLOW. MILITARY-TO-MILITARY
PROGRESS MOST LIKELY WILL BE MODEST, CERTAINLY NEVER
REACHING THE LEVEL OF MILITARY COOPERATION IN THE
1950'S. THERE CONTINUES TO BE RESIDUAL ILL-FEELING
WITHIN THE PLA TOWARDS THE SOVIET MILITARY.
ADDITIONALLY, THE SOVIET UNION REMAINS CHINA'S
PRINCIPAL FUTURE THREAT, HISTORICALLY, GEOGRAPHICALLY
AND GEOPOLITICALLY. THE PLA'S CHALLENGE FOR THE FUTURE
AND THE PRIMARY RATIONALE FOR ITS BUDGET REQUESTS ARE
TO COUNTER THAT THREAT. FOR THE CHINESE, A VERY CLOSE
RELATIONSHIP TO THE SOVIET MILITARY COULD HAVE SOME
SHORT TERM GAIN BUT WOULD BE DETRIMENTAL IN THE LONG
TERM. EASING TENSIONS AND REDUCING THE SOVIET THREAT

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PERMITS TIME TO LAY DOWN A MORE MODERN MILITARY,
 ECONOMIC AND INDUSTRIAL INFRASTRUCTURE.

6. SINO-U.S. STRATEGIC DIMENSIONS

 - THE GEOPOLITICAL DIMENSIONS OF OUR MILITARY
 RELATIONS WITH BEIJING REMAIN AN IMPORTANT UNDERPINNING
 OF THE SINO-AMERICAN RELATIONSHIP AS A WHOLE. THE U.S.
 AND CHINA BOTH ARE IMPROVING RELATIONS WITH MOSCOW.
 NEVERTHELESS, CHINA CONTINUES TO LOOK TO US TO MAINTAIN
 THE BASIC GLOBAL AND REGIONAL BALANCE, AND FOR US, A

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FRIENDLY CHINA HELPS TO CHECK THE PROSPECTS FOR SOVIET

EXPANSIONISM. THE CHINESE ASSUME THAT WE ARE NOT CHINA'S PRINCIPAL STRATEGIC THREAT FOR THE FORESEEABLE FUTURE. THE U.S. AND CHINA BOTH SEEK THE WITHDRAWAL OF FOREIGN FORCES FROM CAMBODIA AND AFGHANISTAN. WE SHARE A COMMON HOPE FOR PEACE AND STABILITY ON THE KOREAN PENINSULA. THE CHINESE TACITLY CONDONE OUR PACIFIC PRESENCE AS A FORCE FOR REGIONAL STABILITY, PARTICULARLY AS A CONTROLLING INFLUENCE VIS-A-VIS FUTURE JAPANESE MILITANCY. THEY AVOID EXPLICIT COMMENT ON OUR PHILIPPINE BASES WHILE QUIETLY SUPPORTING OUR CONTINUING PRESENCE IN THE REGION.

- BILATERAL DIFFERENCES. AGAINST THIS BROAD BACKDROP OF COOPERATION, SOURCES OF BILATERAL FRICTION REMAIN, INCLUDING POTENTIAL CHINESE MISSILE SALES, TAIWAN, AND HUMAN RIGHTS ISSUES GENERALLY, INCLUDING TIBET. SOME AMERICANS ALONG WITH OUR FRIENDS IN THE REGION VIEW WARILY CHINA'S EMERGENCE AS A MAJOR POWER AND ITS ATTEMPTS TO BUILD INFLUENCE AROUND THE WORLD. A POTENTIAL AREA OF FUTURE DISAGREEMENT IS THE SPRATLY ISLANDS WHERE PRC AMBITIONS COULD LEAD CHINA INTO CONFLICT NOT ONLY WITH VIETNAM BUT OUR ASEAN FRIENDS AS WELL.

7. THEMES FOR DISCUSSION DURING THE PRESIDENT'S VISIT

A. U.S. THEMES

- 1) EMPHASIZE THE POSITIVE RESULTS OF A CONTINUING IMPROVEMENT IN RELATIONSHIPS BETWEEN OUR TWO MILITARIES
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WHICH ARE AN IMPORTANT MEANS FOR BETTER UNDERSTANDING BETWEEN OUR TWO NATIONS.

- 2) DEFENSE RELATIONSHIP

--NOTE CHINA'S ROLE AND RESPONSIBILITY AS A KEY WORLD ACTOR IN CURBING TENSIONS AND STRENGTHENING STABILITY, IN SALES OF ARMS, MISSILES, CHEMICAL AND NUCLEAR WEAPON COMPONENTS.

- 3) BALLISTIC MISSILES

--SEEK REAFFIRMATION OF CHINESE ASSURANCES THAT PRC WILL NOT SELL INTERMEDIATE RANGE MISSILES TO COUNTRIES OTHER THAN SAUDI ARABIA. MENTION OUR IMMEDIATE CONCERN

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ABOUT PAKISTAN.

--SEEK, AS POSSIBLE, AN EXPLICIT CHINESE STATEMENT THAT THESE ASSURANCES APPLY TO ALL MISSILES WITH A RANGE GREATER THAN 300 KMS.

--URGE CHINESE ASSOCIATION WITH MULTILATERAL EFFORTS TO CONTAIN MISSILE PROLIFERATION.

- 4) ARMS CONTROL

--SUGGEST INTENSIFICATION OF OUR ONGOING DIALOGUE ON ARMS CONTROL THROUGH THE ANNUAL ACDA-MFA TALKS AND THE NEWLY INITIATED POLITICAL-MILITARY TALKS BETWEEN THE FOREIGN MINISTRIES.

--SEEK AGREEMENT ON CONTINUED EXCELLENT COOPERATION

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WITH CHINA IN GENEVA IN BRINGING A COMPREHENSIVE,
VERIFIABLE BAN ON CHEMICAL WEAPONS INTO BEING WITHIN A
SHORT PERIOD OF TIME.

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- 5) NUCLEAR PROLIFERATION

--DISCUSS OUR ONGOING CONCERNS REGARDING NUCLEAR
PROLIFERATION, WITH THE ACCENT ON SOUTH ASIA.

--REPEAT OUR CONCERN AND ASK FOR ASSURANCES CONCERNING
CHINA'S INTENTIONS RE PAKISTAN IN THE NUCLEAR AREAS.

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B. LIKELY CHINESE THEMES

- 1) CHINESE LEADERS MAY ASK ABOUT FURTHER
RELAXATION OF TECHNOLOGICAL CONTROLS FOR
MILITARY-RELATED EQUIPMENT. WE CAN NOTE PROGRESS ON
SPACE LAUNCH SERVICES SINCE SECRETARY CARLUCCI'S VISIT
AND HAVE BEEN FORTHCOMING ON OTHER CHINESE INTERESTS
SUCH AS THE GE 404 ENGINE AND AIRBORNE EARLY WARNING
EQUIPMENT.

- 2) CHINESE LEADERS MAY ASSURE US THAT WHILE THE
THAW IN SINO-SOVIET RELATIONS MAY LEAD TO SOME EXPANDED
MILITARY CONTACTS WITH THE SOVIETS, THOSE CONTACTS
SHOULD NOT BE SEEN AS THREATENING THE U.S. AND WILL
CERTAINLY BE DIFFERENT IN FORM AND CONTENT FROM THAT
WHICH EXISTED IN THE 1950'S. WE CAN ACCEPT THIS
ASSURANCE AND REGISTER OUR INTENTION IN TURN NOT TO
PERMIT IMPROVING U.S.-SOVIET RELATIONS TO IMPAIR OUR
WITH TIES WITH OTHER COUNTRIES.

- 3) FOR THE PAST SEVERAL MONTHS, WE HAVE
PERSISTENTLY RESISTED CHINESE REQUESTS FOR AN AIR
REFUELING AIRCRAFT. THE DECISION WAS PROBABLY MADE AT
THE HIGHEST LEVELS (DENG OR YANG) TO GO ALL OUT TO

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OBTAIN THE CAPABILITY. WE HAVE BEEN APPROACHED SEVERAL
TIMES AS HAVE OTHERS. THE UK HAS HAD A REQUEST TO SELL
A REFUELER AIRCRAFT TO CHINA STUCK IN COCOM FOR
MONTHS. THE JAPANESE HAVE BEEN STRONGLY AGAINST
APPROVAL. REFUELER AIRCRAFT REPRESENT A FUTURE POWER
PROJECTION CAPABILITY THAT THE JAPANESE, ASEAN AND
OTHERS WOULD BE FIRMLY AGAINST. LORD.

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